

FSC-83-A	4/26/96	TO: ROM
SUBJECT: Second Quarter 1996 Competitive Promotional Response Pricing Strategies		
DISTRIBUTION:		
<u>X</u> AVP	<u>X</u> KAM	___ ELM
<u>X</u> RSM	<u>X</u> Reg.Mil./DF Mgr.	___ MIL
<u>X</u> RBM	___ DM	___ DF
<u>X</u> ROM		___ REP

As a result of PM's aggressive summer program promotional activity and competitive savings anticipated response, we are adjusting our corporate pricing strategies. These changes take effect on 5/6/96 and remain in place until further notice. Current strategy should extend through 5/3/96.

The following key points should be emphasized when communicating our strategy throughout your region.

1. Full-Price Gap Strategy

- Primary trigger includes a branded savings competitor discount and/or a Marlboro discount response.
- Secondary full-price trigger includes revised response to:
 - Marlboro B4G1F
 - Basic B2G1F
- Highly responsive market values have been removed.

2. SALEM Matching Strategy includes a response to Marlboro Menthol Discounting.

3. No changes to Savings Ceiling Strategy.

Effective 5/6/96, following are the execution guidelines for our pricing strategies, several execution illustrations, and a newly revised pricing strategy decision tree.

Program Contacts: Your Area Manager of Operations
 Frank Petto, extension #1288
 Steve Zitta, extension #1289

R. J. REYNOLDS TOBACCO COMPANY

	Sales		Retail
1221	ALL	1222	ALL
1222	11	1223	ALL
1223	11	1224	ALL
1224	11	1225	ALL
1225	11	ROM	
1226	11		PC SC
1227	11		MC PA
1240			
1244		RSM	RBM

51851 8471